

HOUSE BILL No. 1744

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-9-40.

Synopsis: Special retail districts. Allows a city or town to designate a special retail district if the designation is for a proposed economic development project that meets the following criteria: (1) The district is established for the purpose of undertaking a project or series of projects involving a total private capital investment of more than \$100,000,000. (2) The total capital investment for the project or series of projects will be more than \$500,000,000 at the completion of the project or series of projects. (3) The economic development project would not otherwise be accomplished through the ordinary operations of private investment. Provides that a special retail district may not exceed 400 acres. Provides that if a district is designated, an additional 1% sales tax applies to retail transactions within the district. Specifies that this additional 1% sales tax is imposed, paid, and collected in the same manner as the state sales tax. Requires the amounts received from the additional 1% sales tax to be: (1) paid monthly by the treasurer of the state to the fiscal officer of the unit that imposed the tax; and (2) deposited into a special fund. Allows money in the special fund to be used by the unit's redevelopment commission for any purpose for which a property tax increment may be used by a redevelopment commission.

Effective: July 1, 2007.

Van Haaften

January 26, 2007, read first time and referred to Committee on Ways and Means.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

HOUSE BILL No. 1744

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-9-40 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2007]:
4 **Chapter 40. Special Retail District Supplemental Gross Retail**
5 **Tax**
6 **Sec. 1. Except as otherwise provided in this chapter, the**
7 **definitions in IC 6-2.5-1 apply throughout this chapter.**
8 **Sec. 2. As used in this chapter, "commission" refers to:**
9 (1) a redevelopment commission established under IC 36-7-14
10 in the case of a qualified unit other than a consolidated city;
11 or
12 (2) the metropolitan development commission in the case of a
13 consolidated city.
14 **Sec. 3. As used in this chapter, "fiscal body" has the meaning set**
15 **forth in IC 36-1-2-6.**
16 **Sec. 4. As used in this chapter, "fiscal officer" has the meaning**
17 **set forth in IC 36-1-2-7.**

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1 **Sec. 5.** As used in this chapter, "gross retail income" has the
 2 meaning set forth in IC 6-2.5-1-5, except that the term does not
 3 include taxes imposed under IC 6-2.5 or IC 6-9.

4 **Sec. 6.** As used in this chapter, "qualified unit" means a city or
 5 a town.

6 **Sec. 7. (a)** The fiscal body of a qualified unit may adopt an
 7 ordinance designating an area within the qualified unit as a special
 8 retail district if the designation is for a proposed economic
 9 development project that meets the following requirements:

10 (1) The proposed district must be established for the purpose
 11 of undertaking a project, or a series of projects, that have a
 12 total private capital investment of more than one hundred
 13 million dollars (\$100,000,000).

14 (2) The total capital investment for the project or series of
 15 projects must be more than five hundred million dollars
 16 (\$500,000,000) at the completion of the project or series of
 17 projects.

18 (3) The proposed economic development project would not
 19 otherwise be accomplished through the ordinary operations
 20 of private investment because of the unique quality and scope
 21 of the project or series of projects.

22 (b) A fiscal body may not designate a special retail district that
 23 exceeds four hundred (400) acres.

24 (c) An ordinance designating a special retail district must be
 25 adopted after January 1 but before April 1 of a year.

26 (d) If a fiscal body adopts an ordinance under this section, it
 27 shall immediately send a certified copy of the ordinance to the
 28 commissioner of the department of state revenue.

29 **Sec. 8. (a)** If the fiscal body of a qualified unit adopts an
 30 ordinance designating a special retail district under section 7 of
 31 this chapter, a one percent (1%) supplemental gross retail tax is
 32 imposed on the transactions described in section 9 of this chapter
 33 that occur within the district.

34 (b) The supplemental gross retail tax imposed by subsection (a):

35 (1) takes effect July 1 following the adoption of the ordinance
 36 under section 7 of this chapter; and

37 (2) is in addition to any other tax imposed on the transactions
 38 described in section 9 of this chapter.

39 **Sec. 9. (a)** Except as provided in subsection (b), the
 40 supplemental gross retail tax imposed by section 8 of this chapter
 41 applies to all retail transactions that occur within the special retail
 42 district designated under section 7 of this chapter.

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(b) The supplemental gross retail tax does not apply to a transaction to the extent that the transaction is exempt from the state gross retail tax under IC 6-2.5.

Sec. 10. (a) The supplemental gross retail tax imposed by section 8 of this chapter is imposed only on the gross retail income derived from retail transactions.

(b) A person who receives goods or services in a retail transaction that is taxed under this chapter is liable for the supplemental gross retail tax. The person shall pay the tax to the retail merchant as a separate amount added to the consideration for the goods or services. The retail merchant shall collect the tax as an agent for the state and the qualified unit.

(c) Except as otherwise provided in this chapter, the supplemental gross retail tax shall be imposed, paid, and collected in the same manner in which the state gross retail tax is imposed, paid, and collected under IC 6-2.5. However, the return to be filed for the payment of the tax either may be a separate return or may be combined with the return filed for the payment of the state gross retail tax, as prescribed by the department of state revenue.

Sec. 11. (a) The amounts received from the supplemental gross retail tax shall be paid monthly by the treasurer of the state to the fiscal officer of the qualified unit that imposed the tax upon warrants issued by the auditor of state.

(b) The amounts received by the fiscal officer under subsection (a) shall be deposited into a special fund.

(c) Money in the special fund may be used by a commission for any purpose for which property taxes allocated to a redevelopment district under IC 36-7-14-39 or IC 36-7-15.1-26 may be expended, including the payment of debt service or lease rentals and the establishment and maintenance of a debt service reserve.

Sec. 12. (a) Subject to subsection (c), the fiscal body of a qualified unit may, after January 1 but before April 1 of a year, adopt an ordinance to rescind the designation of a special retail district.

(b) If the fiscal body adopts an ordinance under subsection (a):

(1) the special retail district is abolished July 1 following the adoption of the ordinance; and

(2) the supplemental gross retail tax is rescinded effective July 1 following the adoption of the ordinance.

(c) The fiscal body may not adopt an ordinance rescinding the designation of a district if there are bonds outstanding or leases or other obligations payable from the supplemental gross retail tax

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- 1 under this chapter.
2 (d) If the fiscal body adopts an ordinance under subsection (a),
3 it shall immediately send a certified copy of the ordinance to the
4 commissioner of the department of state revenue.

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